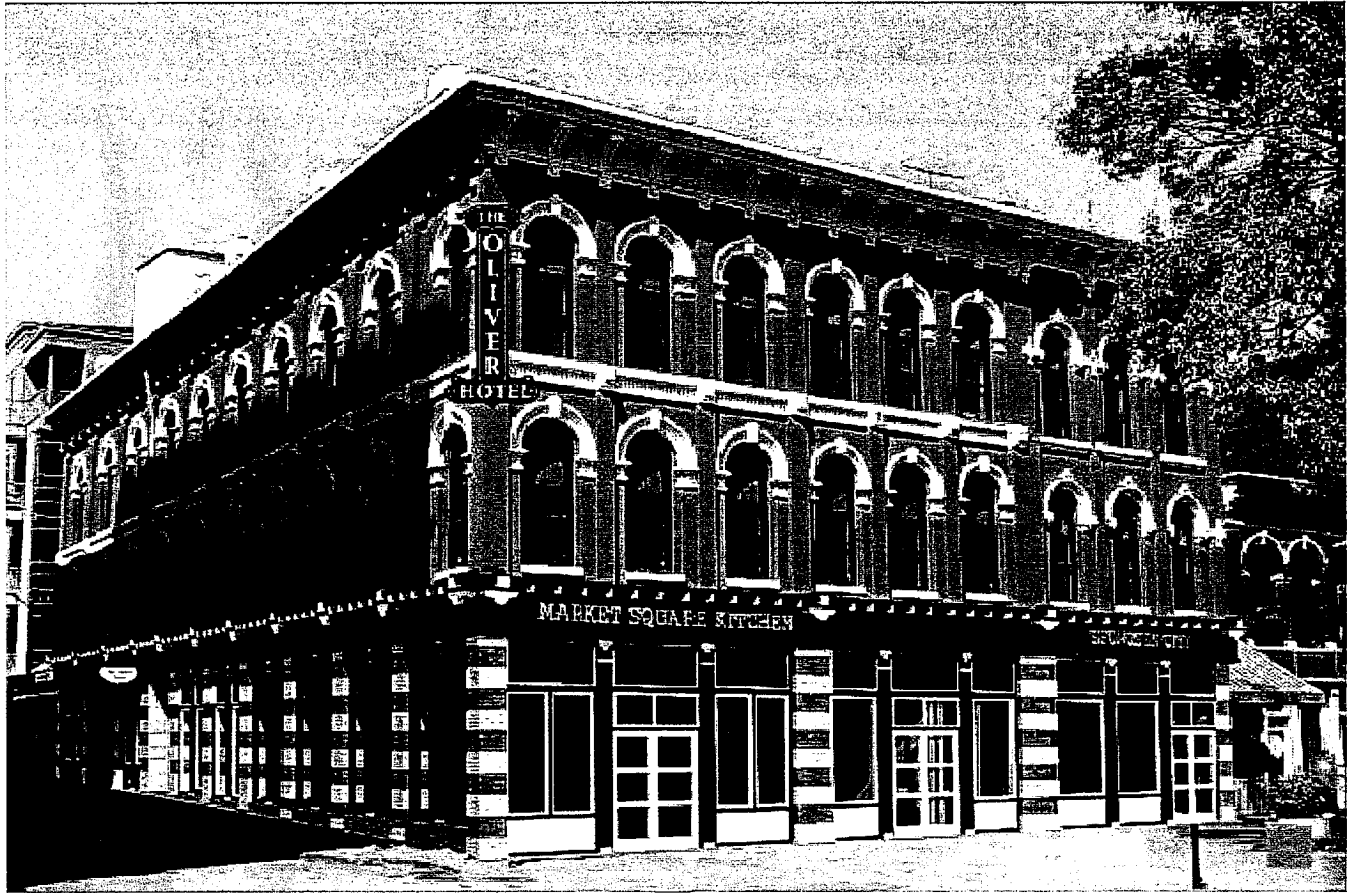


Application}

DEVELOPMENT GRANT PROGRAM



**FOR } THE OILVER HOTEL – RETAIL
1 & 5 Market Square
Knoxville, Tennessee 37902
C/O Philip Welker**

**TO } Downtown Knoxville CBID
17 Market Square, Ste. 201
Knoxville, Tennessee 37902
ATTN: Michele Hummel**

January 2012

**Knoxville CBID Management Corporation
Development Grant Program - Guidelines**

The CBID Development Grant Program was created to provide a flexible source of funds to assist in making projects happen that add to downtown's vitality. The Development Committee was created to review and evaluate requests for funds and to make appropriate recommendations to the CBID Board of Directors for their consideration. Proposals are selected based on their ability to create or enhance activity and benefits for buildings located within the CBID.

GUIDELINES

Each request is assessed individually based on information received in response to the following Development Grant Program Application.

1. All applications are required to be delivered to the CBID staff.
 - a. Staff will deliver applications to the Development Committee prior to board submission.
 - b. CBID Staff will provide copies of the application to the CBID Board of Directors at the appropriate time.
 - c. Applicant is not to contact the Board until after the Development Committee review and recommendation(s) is made to the Board.
 - d. When requested, presentations to the Development Committee and the CBID Board of Director's will be made by the property owner or expected purchaser only.
 - e. The committee or board reserves the right to request a tenant or potential tenant presentation.
2. Applications are required to be submitted by the property owner, or potential buyer, and not by a tenant.
 - a. Grants are for façade or other publically viewed enhancements only.
 - b. Preference for funding will be given to applications for facades or enhancements that face a public street(s).
 - c. Facades or enhancements facing alleyways, parking lots etc. may be reviewed on a case-by-case basis with special permission of the committee.
3. A copy of the project's plans and budget must accompany application. Incomplete applications will not be accepted. Drawings must include façade square footage detail for each of the façade area(s) in which you are a requesting a grant.

4. Only permanent improvements are eligible for funding. Applications are due in CBID offices by the first day of each month and will be reviewed by the Development Committee with recommendations going to the CBID Board for their monthly meeting which will be held on the fourth Monday of each month.
5. Payment of the approved grant will occur upon completion of the improvements in accord with the application approved by CBID.
 - a. If for some reason you need to complete portions of the façade construction in phases, and wish to be reimbursed accordingly, please substantiate in your request. Without prior approval phased payments are not an option.
6. Your project must be started and completed within 12 months of grant approval.
 - a. Grant may be subject to an extension(s) if requested of the Development Committee with its recommendation to and approval of the CBID Board.
7. The previous grant cap and calculation formula have been removed from the application process.
 - a. Development grant(s) will be considered by the CBID Board based upon recommendations of the Development Committee.
8. CBID will not evaluate an application nor disburse funds on a project unless all City of Knoxville and Knox County property taxes and CBID assessments are current.
9. Certificate of Appropriateness, Certificate of Completion and/or Certificate of Occupancy will be required at time of payment.
 - a. **Advances of grant funds during construction and/or at completion will be based on a percentage of completion to be determined by a third party engineer/inspector selected by the CBID at the grant recipient's expense.**
10. The Development Committee and Board will evaluate project(s) based on submittals which meet the established criteria, CBID budget, and which give the best overall return on investment to the CBID.
11. Grant applications must be accompanied with a cashier's check. Application fees are one percent (1%) of the grant amount requested with a minimum of \$250 and a maximum of \$2,500.

In order to maximize the potential of the Development Grant Program, the committee and Board will maintain maximum flexibility in awarding funds and may, at its discretion, recommend waiver of one or more of these guidelines if special circumstances are determined to exist.

DEVELOPMENT GRANT PROGRAM APPLICATION

Please help us understand the nature and benefits of the proposed project by answering the following questions:

Name: Philip Welker, Market Square Hotel, LLC (dba) The Oliver Hotel

Your Mailing Address: 407 Union Avenue, Knoxville, TN 37902

Phone Number: 917-325-4055 Email Address: philip@welker.com

Project Address: 1 & 5 Market Square, Knoxville, TN 37902

Requested Amount: \$275,000 Total Eligible Façade Square Feet 10,000 +

1. Describe the project: New construction Renovation

We have renovated The Oliver Hotel into an updated boutique hotel with 28 rooms and a cocktail lounge. The second stage of the redevelopment includes the upgrades to the restaurant/retail space fronting Union Avenue and Market Square. We are requesting façade grant funds that will enable us to make exterior facade improvements worthy of the Kern Building's original historic storefront. Façade grant funding will trigger an additional \$600,000 of investment in an Asheville, NC based Tupelo Honey Café restaurant in the corner 1 Market Square space and an additional \$50-75,000 investment by Shono's in City to upgrade their interior space.

2. Will this project:

- a. Be applying for Historic Tax Credits (ineligible due to basis rule) Yes No
- b. Adhere to the Downtown Knoxville Design Guidelines Review Board (D1) Yes No
- c. Adhere to the Historic Knoxville Zoning Guidelines (H1) Yes No

3. For work to be performed on the building façade, applicant is required to provide two itemized bids consistent with information on the drawings that are submitted with this application.

- a. Bids must be from a general contractor licensed to do business with-in the City of Knoxville.
- b. Preference will be given to applications for facades that face a public street(s) only.
- c. Facades facing alleyways, parking lots etc. may be reviewed on a case-by-case basis with special permission of the committee.

Contractor #1: Christopoulos & Kennedy BID PRICE \$275,000

License number: 00064378

4. Are you requesting a phased reimbursement? Yes No
If yes, please provide a description of your phasing request. _____

5. Will you be receiving any financial incentives/assistance from other sources?
If so, how much? No.

6. Do you have a financial commitment from another source(s) Yes No

7. When will the project begin? February 2012

Your project must be started and completed within 12 months of grant approval.

8. Will this project increase the number of downtown residents or permanent jobs? Yes No
If yes, by how many? The project will increase the number of permanent jobs over the prior operation by approximately 50, including hotel and restaurant operations. Instead of residents, this project anticipates increasing the number of hotel guest staying and spending money on Market Square by over 4,000 per year.
9. If this project will increase parking demand, what plans do you have to address this increased demand? We plan to utilize the Market Square Garage, just as the hotel and prior restaurants have been doing for years.
10. Application fee is nonrefundable and must accompany the application: Fee calculation is one percent (1%) of the grant amount requested with a minimum cost of \$250 and a maximum cost of \$2,500:

1% of grant amount requested

\$250 minimum

\$2,500 maximum

Please check one box

PROJECT REQUEST AND BUDGET

Please complete budget summary:

Total Cost of Project:

Land: \$ 150,000

Building: \$ 1,350,000

Improvements: \$ 1,200,000 (Hotel) + \$600,000 (Tupleo) + \$50,000 (Shono's)

Façade: \$ 275,000

Soft Costs: \$ 300,000

Total Cost: \$ 4,125,000

Describe what is included in Soft Cost: Design Fees, State Sales Tax, Shipping Costs, Graphic Design/Advertising, Loan Interest, Legal Fees, Closing Costs, Third-Party Reports, pro rata Property Taxes, Utilities, Insurance, Permit & Review Fees.

Sources of Funding:

Equity:

Cash: \$ 1,200,000

Restaurants: \$ 650,000

In-kind: \$ _____

Financing:

Requested from CBID: \$ 275,000

Other sources: \$ 2,000,000

Name Source of Other Financing: ORNL Federal Credit Union & SBA 504 Loan Program

Total Funding: \$ 4,125,000

- Provide twenty-six (26) complete packets of the application and drawings.
- Mark the top set "ORIGINAL" with 25 photocopies attached.
Include 24" x 36" (minimum size drawings) with "original" set.
- Drawings for 25 copy sets shall be reduced to 11" x 17" size.

THE CBID DEVELOPMENT GRANT APPLICATION CONSISTS OF ALL SIX (6) PAGES IN THIS PACKAGE
DEVELOPMENT GRANT PROGRAM - GUIDELINES
DEVELOPMENT GRANT PROGRAM APPLICATION
PROJECT REQUEST AND BUDGET

Return all 26 application packages to:

Ms. Michele Hummel
Downtown Knoxville/CBID
17 Market Square #201
Knoxville, TN 37902

If you have any questions, please contact CBID at 246-2654